

CHARTING YOUR COURSE



THE STATE OF MAINE DEFERRED COMPENSATION PLAN NEWSLETTER

August 2003

Navigating wisely. When making important decisions about money, most people think carefully about spending, and often research what they are buying. Likewise, when investing for your future, the smartest decision you can make is to educate yourself about basic investment concepts. This issue of *Charting Your Course* offers a list of resources that can help you learn about investing.

WHAT'S IN THIS ISSUE

Steering Your Way to Success



Investment Fund Details



Save on Taxes by Contributing to the Plan!



STEERING YOUR WAY TO SUCCESS

When investing for your future, it pays to educate yourself about basic investment concepts. The more you know about investing — and the specific investment vehicles available to you through the State of Maine Deferred Compensation Plan — the better you will be able to choose funds that best suit your personal financial situation.

Plan Resources

There are several Plan resources available to you.

- ★ *Charting Your Course* brochure — This brochure outlines the Plan's features and provisions, including information on different types of investments, how to map out a retirement savings strategy and details on how you can enroll in the Plan.
- ★ *Charting Your Course* quarterly newsletter — Newsletters include information on investment issues as well as quarterly investment performance figures for the Plan's funds. Past topics include stock market volatility, asset allocation, diversification and dollar cost averaging.
- ★ Financial Services Organization (FSO) — Each FSO has a website that provides basic information as well as more personalized account information. Website addresses can be found in every issue of this newsletter. In addition, you can obtain copies of an investment fund's prospectus from your FSO. Issued by mutual funds and securities, a prospectus offers detailed information about the fund.
- ★ State of Maine website — The Plan's portion of the website is being revamped to provide up-to-date Plan information in an easy-to-use format.

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INVESTMENT FUND DETAILS

IMPORTANT NOTE: The information presented here is not intended as investment advice. Its purpose is to help you understand the investment options available through the State of Maine Deferred Compensation Plan. Your financial strategy and investment choices are entirely your own and should reflect your personal needs and circumstances. State of Maine personnel, by federal law, cannot provide investment advice. For more information, you may want to consult with a professional financial advisor. The investment information shown is current as of June 30, 2003.

Results are historical and not intended to portray future performance. Current performance may be less than figures shown.

Please note that investment benchmarks (shown in the blue bars) may differ from the benchmarks provided in the funds' prospectuses.

THE HARTFORD								
		Return on Investments (net of expenses)				Operating Expenses		
		Rates of Return as of June 30, 2003						
Level of Risk	Investment Options	Quarter to Date	Year to Date	Annualized		Management Fees	Other Expenses	Total Expenses
				3 Years	5 Years			
Low	Hartford Life Fixed Account	*	*	*	*	N/A	N/A	N/A
	Hartford Bond HLS	3.45%	5.99%	10.24%	7.18%	0.51%	0.45%	0.96%
	Lehman Aggregate Index	2.50	3.94	10.08	7.54			
Medium	Hartford Advisers HLS	10.10	7.44	- 5.06	0.24	0.67	0.75	1.42
	Janus Balanced	6.88	5.79	- 3.73	4.46	0.86	0.75	1.61
	50% S&P 500 + 50% LB Agg	8.95	7.99	- 0.29	3.62			
	Hartford Dividend & Growth HLS	15.23	8.65	- 0.38	1.18	0.69	0.75	1.44
	Russell 1000 Value	17.27	11.57	- 0.19	1.05			
High	Hartford Index HLS	15.07	11.12	- 12.25	- 2.78	0.44	0.75	1.19
	Hartford Stock HLS	14.42	9.49	- 12.47	- 2.93	0.49	0.75	1.24
	MFS Capital Opportunities	18.48	13.07	- 20.20	- 3.18	1.23	0.75	1.98
	Hartford Capital Appreciation HLS	18.88	13.65	- 5.75	5.70	0.69	0.75	1.44
	S&P 500 Index	15.39	11.76	- 11.20	- 1.62			
	Invesco Technology	19.60	17.36	- 39.49	- 7.05	1.37	0.75	2.12
	S&P Technology Index	18.13	17.67	- 32.10	- 4.90			
	Janus Twenty	12.64	11.85	- 24.45	- 3.71	0.84	0.75	1.59
	Dreyfus Premier Third Century	12.76	9.49	- 20.91	N/A	1.12	0.75	1.87
	MFS Mass Inv. Growth A	14.58	12.27	- 18.99	- 3.22	0.94	0.75	1.69
	Russell 1000 Growth	14.31	13.09	- 21.54	- 5.03			
	Hartford Mid Cap HLS	18.41	16.29	- 0.60	13.75	0.72	0.75	1.47
	Russell Mid Cap Growth Index	18.76	18.74	- 18.49	- 0.64			
	Franklin Small-Mid Cap Growth	18.59	15.51	- 19.86	0.93	0.89	0.75	1.64
	Russell 2500 Growth Index	22.72	18.79	- 16.23	- 0.91			
	American Century International Growth	15.82	5.10	- 18.33	- 4.52	1.25	0.75	2.00
	MSCI-EAFE Index	19.57	9.85	- 13.21	- 3.70			
	Janus Worldwide	16.12	6.20	- 21.54	- 4.19	0.87	0.75	1.62
	MSCI-World Index	17.24	11.46	- 12.59	- 2.70			

* Fixed Accounts provide a specified rate of return. For current rates, along with an explanation of how they are determined, contact your financial services organization.

ING FINANCIAL ADVISERS, LLC

		Return on Investments (net of expenses)						
		Rates of Return as of June 30, 2003				Operating Expenses		
Level of Risk	Investment Options	Quarter to Date	Year to Date	Annualized		Management Fees	Other Expenses	Total Expenses
				3 Years	5 Years			
Low	ING Fixed Account	*	*	*	*	N/A	N/A	N/A
	ING Bond	2.99%	4.99%	9.10%	6.50%	0.49%	0.51%	1.00%
	Lehman Aggregate Index	2.50	3.94	10.08	7.54			
Medium	Janus Aspen Balanced	6.97	5.89	- 3.47	5.28	0.67	0.75	1.42
	50% S&P 500 + 50% LB Agg	8.95	7.99	- 0.29	3.62			
	ING Balanced	10.53	9.19	-4.03	1.59	0.60	0.75	1.35
	Calvert Social Inv. Balanced	9.97	8.60	-6.34	- 0.30	0.91	0.75	1.66
	60% S&P 500 + 40% LB Agg	10.23	8.76	- 2.44	2.68			
	Fidelity VIP Equity Income	17.90	10.30	- 1.63	- 0.40	0.57	0.75	1.32
High	Russell 3000 Value Index	16.24	12.71	- 10.47	- 1.13			
	ING Value Opportunity	13.71	9.32	- 8.93	0.31	0.72	0.75	1.47
	ING Index + Large Cap	13.79	9.91	- 12.68	- 2.10	0.45	0.75	1.20
	S&P 500 Index	15.39	11.76	- 11.20	- 1.62			
	ING Growth	11.20	13.59	- 22.42	- 5.42	0.72	0.75	1.47
	Janus Aspen Growth	13.91	11.29	- 20.24	- 3.59	0.67	0.75	1.42
	Fidelity VIP Growth	16.57	13.04	- 18.53	- 2.06	0.67	0.75	1.42
	Russell 1000 Growth Index	14.31	13.09	- 21.54	- 5.03			
	ING Index + Mid Cap	15.76	10.97	- 0.08	7.95	0.53	0.75	1.28
	S&P 400 Index	17.63	12.42	0.98	7.14			
	Janus Aspen Mid Cap Growth ¹	16.08	15.79	- 30.70	- 2.99	0.67	0.75	1.42
	Russell Mid Cap Growth	18.76	18.74	- 18.49	- 0.64			
	ING Small Cap Opportunity	18.69	12.91	- 25.56	3.65	0.90	0.75	1.65
	Russell 2000 Growth Index	24.15	19.33	- 16.66	- 4.25			
	ING Small Company	19.28	13.46	- 7.08	2.91	0.87	0.75	1.62
	Russell 2000 Index	23.42	17.88	- 3.27	0.99			
	ING International	17.49	6.52	- 22.92	- 7.53	1.15	0.75	1.90
	MSCI-EAFE Index	19.57	9.85	- 13.21	- 3.70			
	Janus Aspen Worldwide	15.90	6.23	- 20.75	- 3.53	0.70	0.75	1.45
	MSCI-World Index	17.24	11.46	- 12.59	- 2.70			

¹ This fund was previously named Janus Aspen Aggressive Growth

VALIC RETIREMENT SERVICES COMPANY

		Return on Investments (net of expenses)						
		Rates of Return as of June 30, 2003				Operating Expenses		
Level of Risk	Investment Options	Quarter to Date	Year to Date	Annualized		Management Fees	Other Expenses	Total Expenses
				3 Years	5 Years			
Low	VALIC Fixed-Interest Account	*	*	*	*	N/A	N/A	N/A
	Vanguard Long Term Bond Index	6.00%	7.84%	13.13%	8.28%	0.21%	0.42%	0.63%
	Lehman LT Gov./Credit Index	6.09	8.30	13.30	8.63			
	Vanguard Intermediate-Term Corporate Bond	3.91	5.84	10.89	7.34	0.21	0.42	0.63
Medium	Lehman Credit Index	4.80	7.32	11.74	7.92			
	Munder Balanced A	11.40	10.11	- 2.86	5.07	1.31	0.42	1.73
	American Funds American Balanced A	12.66	9.80	7.42	6.52	0.70	0.42	1.13
	60% S&P 500 + 40% LB Agg	10.23	8.76	- 2.44	2.68			
	American Funds Investment Co. of America A	14.37	9.18	- 3.70	2.83	0.59	0.42	1.01
High	MFS Value A	14.39	7.12	0.85	4.11%	1.25	0.42	1.67
	Russell 1000 Value Index	17.27	11.57	- 0.19	1.05			
	Pioneer A	14.35	7.38	- 10.13	- 0.68	1.13	0.42	1.55
	Dreyfus S&P 500 Index	15.20	11.34	- 12.01	- 2.53	0.50	0.42	0.92
	Calvert Social Inv. Equity	14.15	9.14	- 1.76	5.71	1.29	0.42	1.71
	S&P 500 Index	15.39	11.76	- 11.20	- 1.62			
	Oppenheimer Capital Appreciation A	15.32	11.38	- 13.90	0.84	1.17	0.42	1.59
	MFS Mass Inv. Growth A	14.69	12.45	- 18.75	- 2.91	0.94	0.42	1.36
	Russell 1000 Growth Index	14.31	13.09	- 21.54	- 5.03			
	Invesco Technology Inv.	19.72	17.57	- 39.34	- 6.76	1.37	0.42	1.79
	S&P Technology Index	18.13	17.67	- 32.10	- 4.90			
	Invesco Dynamics Inv.	17.02	15.91	- 24.84	- 3.38	1.21	0.42	1.63
	Russell Mid Cap Growth	18.76	18.74	- 18.49	- 0.64			
	Neuberger Berman Genesis Trust	13.40	9.44	10.77	8.60	1.13	0.42	1.55
	Russell 2000 Value Index	22.72	16.49	10.93	4.98			
	Putnam International Growth A	16.33	5.99	- 14.30	0.07	1.16	0.42	1.58
	MSCI-EAFE Index	19.57	9.85	- 13.21	- 3.70			
	Oppenheimer Global A	20.99	11.31	- 10.62	4.24	1.23	0.42	1.65
	MSCI-World Index	17.24	11.46	- 12.59	- 2.70			

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Public Resources

Many major mutual fund and financial investment services companies sponsor websites that anyone can access via the Internet. Although these websites often focus on the products and services the companies offer, they usually provide general investment education, as well.

There are also several good books available on investing which might be helpful to you.

See the chart below for a listing of some readily available resources.

Take Advantage of the Available Resources

Having access to — and being able to understand — the many sources of information available to you is an important part of being a smart investor. The State's Deferred Compensation Plan can be a valuable way for you to save for a successful retirement. Taking advantage of the resources at hand can help you make the most of your participation in the Plan.

Save on Taxes by Contributing to the Plan!

Whenever you contribute to the Plan, you save on current taxes because your contributions are deducted from your pay before taxes are calculated. In addition, if you meet certain requirements, you may be eligible for a tax credit that allows you to further reduce the amount of current taxes you pay. You may be able to deduct up to \$1,000 from any income taxes you owe if you are single with an adjusted gross income of \$25,000 or less, or married with an adjusted gross income of \$50,000 or less and you contribute up to \$2,000 to the Plan. This tax credit is available through 2006.

PUBLIC RESOURCES

Internet Sites

www.businessweek.com

www.cbs.marketwatch.com

www.cnnfn.com

www.investorwords.com

www.kiplinger.com

www.moneycentral.com

Books

The Only Investment Guide You'll Ever Need, by Andrew Tobias

The Wall Street Journal Guide to Understanding Money and Investing, by Kenneth M. Morris, Virginia B. Morris, Alan M. Siegel

Common Sense on Mutual Funds: New Imperatives for the Intelligent Investor, by John C. Bogle

If you have any questions about the information in this newsletter, please contact your financial services organization representative or Terry Meehan at the State's Bureau of Human Resources at 207-287-5766.

The Hartford

Augusta: 207-623-8421

In Maine: 1-800-640-8787

Outside Maine: 1-888-457-7824

www.retire.hartfordlife.com

ING Financial Advisers, LLC

Augusta: 207-622-4882

In Maine: 1-866-826-8063

Outside Maine: 1-800-238-8458

www.ingretirementplans.com

VALIC Retirement Services Company

In Maine: 1-800-892-5558, ext. 88631

Outside Maine: 1-888-568-2542

www.aigvalic.com